

Anil Ambani group stocks tumble after **Brickwork Ratings, CARE** rating downgrade Reliance Capital

By: FE Online | Published: April 22, 2019 5:09 PM

Shares of Anil Ambani-group firm stocks tumbled in trade on Monday after credit rating firms CARE ratings, Brickwork Ratings revised the long-term rating for various existing debt instruments of Reliance Capital. Reliance Capital share price plunged by more than 10.7% to Rs 135.50. Notably, credit rating agency CARE Ratings has placed the firm on 'credit watch with developing implications', while Brickwork has placed the instruments on 'credit watch with negative implications'.

"The revision in the ratings of Reliance Capital factors in extension of timeline for progress of planned divestments in various companies leading to depletion of liquidity and increasing refinancing risk," CARE Ratings noted. Accordingly, the ratings of Reliance Capital's instruments remain under 'credit watch with developing implications,' and CARE would closely monitor the progress of sale of group assets in accordance with the timelines stated by Reliance Capital in an effort to reduce its debt levels.

CARE said that Reliance Capital has 'sizeable exposure to group companies' in the non-financial business segments. Further, these firms have weak financial profiles and require continued support from Reliance Capital. While some of these group entities have been identified by RCL for divestment, timely exit from these investments will be critical for reducing its leverage, said the report.

Brickwork Ratings named similar concerns noting that the that timely receipt of funds from either a sale or complete exit from the core as well as non-core investments, and recovery of loans given by Reliance Capital to non-financial group entities is critical, as large amounts are due for repayment in the upcoming three months.

Shares of Reliance Capital have plunged by more than 27% in past three trading sessions from Rs 184 on April 15, 2019. Other Anil Ambani group firm stocks too tumbled in trade on Monday, with Reliance Infrastructure closing 4% lower at Rs 116.35, while Reliance Power shares closed 2.8% lower at Rs 7.97.

Get live Stock Prices from BSE and NSE and latest NAV, portfolio of Mutual Funds, calculate your tax by Income Tax Calculator, know market's Top Gainers, Top Losers & Best Equity Funds. Like us on Facebook and follow us on Twitter.